

Pay Pool Business Rules for Spiral 1 Activities

REFERENCES:

- a) Title 5, Code of Federal Regulations, Chapter XCIX, Part 9901, Department of Defense Human Resources Management and Labor Relations Systems
- b) DoD Civilian Personnel Manual, 1400.25.M, Subchapter 1940, Performance Management
- c) Army Guide to Developing Pay Pool Business Rules, March 26, 2007
- d) Draft Interim Department of Army NSPS Policy, Subchapter 1940, NSPS Performance Management
- e) Draft Interim Department of Army NSPS Instruction, Subchapter 1940, Performance Management

2. PURPOSE

To establish Training and Doctrine Command (TRADOC) policy, procedures, and delegations of authority for making determinations on business rules that govern the operation of the pay pool and performance payouts.

3. APPLICABILITY

This policy guidance applies to TRADOC Activities/Pay Pools that converted to NSPS under Spirals 1.2 and 1.3.

4. POLICY

a. The NSPS pay system uses a pay pool concept to manage, control, and distribute performance based pay increases and bonus. The referenced regulatory and policy guidelines provide mandatory business rules for pay pool operation. The policy guidelines contained herein are intended to provide overarching rules that may be supplemented for each activity and/or pay pool. The guidelines provided are not intended to be all encompassing, nor are the examples meant to be directive.

b. Business rules governing pay pool procedures and pay out distribution will be provided to the pay pool members.

5. EXPLANATION OF TERMS

- a. Performance Review Authority (PRA) – Senior management official, organizational unit, or a group that manages and oversees the payout process, payout funds, and pay pool decisions.
- b. Pay Pool Manager (PPM) – Senior management official responsible for providing oversight of the pay pool panel operations. The PPM is the approval authority for pay pool panel recommendations on individual ratings.
- c. Pay Pool Panel – A group of supervisors and management officials tasked with recommending a rating of record, share assignment, and payout distribution for a pay pool.

6. Funding the Pay Pool

Pay pool funding will be in accordance with TRADOC Policy Guidance 07-03.

7. Pay Pool Structure, Composition and General Notice

- a. Pay Pool composition and structure are subject to approval by HQ TRADOC, Deputy Chief of Staff for Personnel, Infrastructure and Logistics (DCSPIL). Changes to the composition and structure must be approved by DCSPIL.
- b. General notice to the employees will be provided to workforce as soon as possible in the performance management cycle. See reference b, paragraph 11.2 for mandatory content. In addition, to the maximum extent possible, business rules governing pay pool procedures and pay out distribution will be provided to the members of the pay pool.

8. Pay Pool Roles and Responsibilities

- a. Reference b, paragraphs 11.4, 11.5 and 11.6 provide regulatory responsibilities for Pay Pool Panel member, Pay Pool Manager and Performance Review Authority.
- b. Pay pools will appoint a pay pool administrator who will normally be responsible for data administration and preparing necessary documentation to facilitate panel deliberations.

9. Administering the Pay Pool

Pay pool panel deliberations and discussions are confidential. All persons involved in the pay pool panel process to include the pay pool manager, pay pool panel members and pay pool administrator as well as any advisors or observers present during deliberations will sign a non-disclosure agreement. A standard non-disclosure agreement is provided as Appendix A.

10. Mock Pay Pools

- a. Mock pay pools are mandatory for TRADOC activities. Mock pay pools are typically conducted mid performance cycle and usually in conjunction with the Interim Review. Mock pay pools provide a practical learning experience as well as a forum for testing the effectiveness of pay pool business rules, job objectives, employee and rating official performance assessments, and other tools associated with the performance management and pay pool process. Activities will notify HQ TRADOC/DCSPIL/CPD of the mock pay pool dates.
- c. Pay Pool Managers or designees will provide employees notice of the methodology used and general results of the mock pay pool, insuring individual results cannot be identified. As a minimum, the notice must include number of employee records reviewed, rating distribution, share distribution, performance payout distribution and pay pool funding levels. A copy of this notice will be provided to HQ TRADOC/DCSPIL/CPD.

10. Performance Management Assessments and Ratings

- a. The purpose of the pay pool panel is to meet, discuss, deliberate and attain consensus. Pay pool meeting processes that discourage panel deliberations and consensus are not compatible with NSPS Performance and Pay Pool Management.
- b. Rating officials must be afforded the opportunity to provide additional information to justify an employee's rating when the pay pool panel changes a rating prior to the rating becoming final. Rating officials must be accessible, either personally, telephonically, or via electronic mail during the scheduled pay pool panel deliberations to provide any additional information. To that end, the dates for panel meetings will be published as far in advance as possible.
- c. Forced distribution of ratings is not permitted. No pre-established limits on the number of ratings in each category can be set.
- d. Pay pool panel members and pay pool managers (if a member of the pay pool) will excuse themselves from deliberations when their personal ratings are being discussed.

11. Share Distribution

Share distribution will be based on established criteria/methodology. An example of criteria/methodology is provided as Appendix B to this guidance.

12. Payout Distribution

Market compensation ranges may be established as deemed necessary within each band for positions in each school and activity. These market compensation ranges may serve as control points for the performance payout process, and if established, should be adjusted annually at a minimum, depending on internal and external compensation factors. Pay pool pay increases cannot cause an employee's basic salary to exceed the market compensation range of their position within the assigned band.

Performance payouts will be based on established criteria and market compensation ranges, if applicable. Examples of criteria as well as market compensation ranges are provided as Appendix C, D, and E to this policy guidance. These examples are intended to be tailored to school/activity needs and are not directive.

13. Publication of Results to Employees

To promote credibility and transparency of pay pool management, the Pay Pool Manager will publish statistical result of annual appraisals, including such metrics as: average pay pool rating level, number of employees or percent of employees receiving each rating level, average share assignment, number of employees or percent of employees receiving each share assignment, and pay pool share value expressed as a percent of pay. Such results will not be displayed in a manner that could reasonably result in revealing the identity of a specific employee.

14. Discretionary Pay Increases

a. Recommendations for Exceptional Pay Increases (EPI) may be submitted by members of the employee's supervisory chain through the appropriate chain of authority to the pay pool panel for review and endorsement to the PRA. Recommendations for EPIs may also be submitted by the pay pool panel to the PRA. The PRA has the final authority to approve these increases and may establish additional criteria. This authority cannot be delegated further.

b. Recommendations for Organization Achievement Recognition (OAR) will be submitted by the first line supervisor through the appropriate chain of authority to the pay pool panel for review and endorsement to the PRA. Recommendations for OARs may also be submitted by its pay pool panel to the PRA. The PRA has the final authority to approve these increases and may establish additional criteria. This authority cannot be delegated further.

15. Reconsideration Requests

a. Within 10 calendar days of receipt of the rating of record, an employee seeking reconsideration of that rating must submit a written request for reconsideration to the pay pool manager with a copy to the rating official and the servicing Civilian Personnel Advisory Center (CPAC). The written request must include a copy of the rating, state what change is requested and the basis for the change. The employee may request a discussion with the pay pool manager. Within 15 calendar days of receipt, the pay pool

manager must render a written decision. The decision must include a brief explanation of the basis of the decision. A copy of the decision will be provided to the employee, rating official and CPAC. If the employee is dissatisfied with the pay pool manager's decision, the employee may submit a written request within five calendar days of the decision for further reconsideration to the PRA. The PRA or designee will issue a decision within 15 calendar days of the request. The decision of the PRA or designee is final.

b. An employee can not challenge a performance payout, number of performance shares assigned, value of performance shares, or distribution of payout between increase to base salary and bonus; a recommended rating of record; an interim review; a closeout assessment; or an individual objective rating or adjusted rating if the requested remedy shall not result in the recalculation of the rating of record.

c. DOD 1400.25-M, SC1940.4 provides details of the procedures for administrative reconsideration. Failure to comply with those procedures may result in cancellation of the reconsideration request.

16. Lessons Learned

Lessons learned provide for continuous information sharing and learning. They should document good work practices and success stories as well as practices and procedures that did not work. Lessons learned will improve operations for future years and well as improve implementation for later NSPS spirals. All activities should capture and are encouraged to share lessons learned with HQ TRADOC/DCSPIL/CPD.

Appendix A

Non-Disclosure Statement

As a pay pool member, observer, or pay pool administrator, I participate in, or am privy to, decisions related to pay pool administration, as well as the final rating and assignment of performance shares through the pay pool process. I will have access to written information, both hard copy and electronic, and will be privy to oral information pertaining to employee performance and the pay pool process.

I understand that this information is for official use only (FOUO) and shall not be disclosed to individuals without a legitimate need to know. Further, I understand that unauthorized disclosure may result in administrative sanctions up to, and including, my removal. I also understand that unauthorized disclosure of FOUO information that is protected by the Privacy Act may result in civil and criminal sanctions.

Consistent with the DoD PRIVACY PROGRAM, DoD Directive 5400.11, I will:

- *Protect the security and confidentiality of personal information contained in a system of records to which I have access to or am using incident to the conduct of official business.*
- *Not disclose any personal information contained in any system of records, except as authorized by applicable law or regulation.*
- *Report any unauthorized disclosures of personal information from a system of records or the maintenance of any system of records that are not authorized to the Pay Pool Manager (PPM) or Performance Review Authority (PRA).*

I understand that no performance rating information (e.g., recommended and final ratings, recommended and final numbers of shares, recommended and final performance payout amounts, and recommended and final distribution of performance payouts between salary increases and bonuses) is to be discussed, forwarded, or otherwise disseminated to persons outside the pay pool process (i.e., pay pool panel, PRA, and rating officials).

I agree to not only safeguard privacy-protected information, but to also protect from unauthorized disclosure information pertaining to pay pool processes and funding determinations. Exempted from this requirement is that information specifically designated for public disclosure by either DoD NSPS Implementing Issuances (DoD 1400.25-M), Army policy (e.g. funding percentages, pay pool composition, structure, etc.), or by statute.

The reconsideration process is considered a part of the pay pool process; however, appropriate information substantiating the final decision may be shared with the employee, or designated representative, seeking reconsideration.

I understand that I must coordinate with the pay pool's servicing legal office prior to releasing information to those individuals outside the immediate pay pool process for any purpose, including official inquires and investigations.

SIGNATURE

DATE

PRINTED NAME

PAY POOL IDENTIFIER

Appendix B

Share Distribution Option

As a general rule, the number of shares awarded for each rating level (3 to 5) will be based on where the overall average rating (before rounding to a whole number) of all objectives falls, as follows:

Rating Level	Average Rating	Number of shares
5	4.76-5.00	6 shares
5	4.51-4.75	5 shares
4	4.01-4.50	4 shares
4	3.51-4.00	3 shares
3	3.01-3.50	2 shares
3	2.51-3.00	1 share

The rating official may request an exception to this general rule by submitting justification to the pay pool panel. That justification may be based on factors including but not limited to contribution to the Command's strategy and mission relative to their peers; the employee's current salary within the band and/or pay range; and other pay increases that were received by the employee throughout the performance cycle.

Appendix C

Pay Out Distribution Option

As a general rule, pay out distribution should follow the guidelines below. The rating official may request an exception to this general rule by submitting justification to the pay pool panel. That justification may be based on factors including but not limited to contribution to the Command's strategy and mission relative to their peers; the employee's current salary within the band and/or pay range; and other pay increases that were received by the employee throughout the performance cycle. If an employee is scheduled to retire shortly after the January performance payout, consideration should be given to providing the performance payout as 100% bonus.

If an employee is at the 25% or lower of their market based pay range and the employee rating is a level 3 or higher, the entire payout will be paid as an increase to base salary.

If employee salary is between 26-50% of the market pay range the chart below determines the payout to base salary:

The Rating is ...	The Payout is ...
3	50% pay increase (50% bonus)
4	75% pay increase (25% bonus)
5	100% pay increase

If the employee salary is between 51-75% of the market pay range the chart below applies:

The Rating is ...	The Payout is ...
3	25% pay increase (75% bonus)
4	50% pay increase (50% bonus)
5	75% pay increase (25% bonus)

If the employee salary is at the 76% or higher of their market pay range, the chart below applies:

The Rating is ...	The Payout is ...
3	100% bonus
4	25% pay increase (75% bonus)
5	50% pay increase (50% bonus)
Pay increase cannot exceed the maximum of the market pay range	

Appendix D

Pay Out Distribution Option

As a general rule, pay out distribution should follow the guidelines below. The rating official may request an exception to this general rule by submitting justification to the pay pool panel. That justification may be based on factors including but not limited to contribution to the Command's strategy and mission relative to their peers; the employee's current salary within the band and/or pay range; and other pay increases that were received by the employee throughout the performance cycle. If an employee is scheduled to retire shortly after the January performance payout, consideration should be given to providing the performance payout as 100% bonus.

If an employee is at the 25% or lower of their market based pay range and the employee rating is a level 3 or higher, the entire payout will be paid as an increase to base salary.

If employee salary is between 26-50% of the market pay range the chart below determines the payout to base salary:

If Shares are...	The Payout is ...
1	40% pay increase (60% bonus)
2	50% pay increase (50% bonus)
3	65% pay increase (35% bonus)
4	75% pay increase (25% bonus)
5	90% pay increase (10% bonus)
6	100% pay increase

If the employee salary is between 51-75% of the market pay range the chart below applies:

If Shares are ...	The Payout is ...
1	15% pay increase (85% bonus)
2	25% pay increase (75% bonus)
3	40% pay increase (60% bonus)
4	50% pay increase (50% bonus)
5	65% pay increase (35% bonus)
6	75% pay increase (25% bonus)

If the employee salary is at the 76% or higher of their market pay range, the chart below applies:

If Shares are ...	The Payout is ...
1	100% bonus

2	10% pay increase (90% bonus)
3	20% pay increase (80% bonus)
4	30% pay increase (70% bonus)
5	40% pay increase (60% bonus)
6	50% pay increase (50% bonus)
Pay increase cannot exceed the maximum of the market pay range	

Appendix E

Sample Market Based Compensation Range (Based on CHRA's compensation ranges)

PS-PB	Range	Low	High	Former GS equivalent
YA-1	A	\$25,623	\$43,325	5,7
YA-1	B	\$28,185	\$61,068	9,11
YA-2	A	\$38,824	\$64,068	9,11
YA-2	B	\$40,765	\$76,854	12
YA-2	C	\$42,901	\$87,039	13
YA-3	A	\$75,879	\$107,790	14
YB-1	A	\$16,630	\$31,257	3,4
YB-1	B	\$17,462	\$37,130	5,6
YB-2	A	\$31,740	\$47,984	7,8
YB-3	A	\$46,974	\$73,194	11,12
YC-1	A	\$31,740	\$43,325	6,7
YC-2	A	\$56,301	\$76,854	12
YC-2	B	\$59,116	\$91,391	13
YC-2	C	\$62,213	\$107,991	14
YC-3	A	\$79,115	\$113,133	14
YC-3	B	\$83,071	\$127,030	15
YD-2	A	\$38,824	\$64,121	9,11
YP-1	A	\$16,630	\$34,974	1,2,3,4,5
YP-1	B	\$17,462	\$52,994	7,8,9
YP-1	C	\$18,376	\$61,068	11